

American Recovery and Reinvestment Act of 2009 (ARRA) Question and Answers

ARRA Basics

Q: What is ARRA?

A: The American Recovery and Reinvestment Act (ARRA) is a far-reaching effort to jumpstart the nation's economy, create or save millions of jobs, and address long-neglected economic challenges. President Obama signed the ARRA law into effect on February 19, 2009. The portion of the Act that delineates funding for health information technology is referred to as HITECH (Health Information Technology for Economic and Clinical Health).

Q: What type of healthcare organizations will benefit from the healthcare IT incentives?

A: Hospitals and office-based physicians will receive direct financial benefits from the incentives, as the overall purpose of the HITECH Act is to provide the financial means for providers to purchase and implement healthcare IT to improve quality, safety and efficiency. The financial benefits, however, will have a ripple effect as patients and caregivers also will benefit from the automation and connectivity enabled by EHRs. Ultimately, because of the improved processes and care that can be delivered with electronic records, the Federal government anticipates saving the U.S. taxpayers significant money as well.

Q: Where can more information on ARRA be accessed?

A: For general information about how ARRA will affect hospitals or physicians, please visit www.eclipsysarra.com, which houses a link to the actual legislative ARRA document. Also on the site is a list of ongoing webinars that will provide the most up-to-date information about ARRA.

Q: What is the definition of a “qualified electronic health record?”

A: Although the exact specifications are not yet defined by governing bodies, the qualified EHR will include patient demographic and clinical health information, such as medical history and problem lists, and has the capacity to:

- Provide clinical decision support
- Support physician order entry
- Capture and query information relevant to health care quality
- Exchange electronic health information with, and integrate such information from other sources

Q: What does the term “meaningful use” refer to?

Frequently Asked Questions

A: Although not fully defined yet, to achieve “meaningful use,” and qualify for Medicare incentive payments, healthcare providers will need to meet the following criteria:

- Use a certified EHR
- Utilize e-prescribing
- Participate in electronic exchange of health information to improve the quality of healthcare
- Demonstrate interoperability of systems
- Submit information on clinical quality measures and other measures as selected by the Secretary of Health and Human Services

Q: What is the definition of an “Eligible Professional?”

A: “Eligible Professionals” under the Medicare HIT incentive program are limited to physicians as defined in the Social Security Act (§1861(r)). Physicians include:

- A doctor of medicine or osteopathy
- A doctor of surgery or of dental medicine
- A doctor of podiatric medicine
- A doctor of optometry
- A chiropractor

The Medicaid HIT Incentive program expands the definition of “Eligible Professionals” to include:

- Certified nurse mid-wife
- Nurse practitioner
- Physician assistant (under certain circumstances)

ARRA & Payments

Q: How do I apply for the funds? Is there a Web site?

A: The process to secure funding is currently undefined, but should be known by year end.

Q: Are the incentives taxable?

A: Whether the incentive money will be taxed is not yet determined. However, the word “taxable” does not appear in ARRA.

Q: While the payments are slated to begin in 2011 once “meaningful use” is established, is that calendar year or Centers for Medicare & Medicaid Services (CMS) fiscal year?

A: “Eligible providers” incentives are based on calendar years. Hospitals and other facilities are to be paid based on the Federal fiscal year – October 1 to –September 30. With this in mind, FY 2011 is October 1, 2010 to September 30, 2011.

Q: What is the financial risk if I simply do not take action toward “meaningful use” now?

A: “Eligible Professionals” who do not demonstrate meaningful use of an EHR by 2015 will see their Medicare reimbursement penalized by 1% per year up to a cap of 3% reduction.

Frequently Asked Questions

Healthcare entities would miss the opportunity to secure the federal funding that ARRA provides. Additionally, the requirements to meet certification are expected to become more stringent as time passes.

Q: Will the ARRA incentives be applied to systems already in use, or will they only be applied to the purchase of a new system?

A: The incentives are available to meaningful users of certified IT systems described in the legislation regardless of the date they were implemented. The stipulation is the date at which the eligible provider can demonstrate meaningful use of the certified technology.

Q: When would a qualified client or prospect receive their first stimulus check?

A: The exact date when checks will be issued is still undefined; however the information currently available outlines the following:

Up to \$44,000 for “Eligible Professionals”

- Up to 5 payments for early adopters
- Must demonstrate meaningful use by 1/1/2010

\$5 -10M for hospitals

- Up to 4 payments for early adopters
- Incentives for both Medicare and Medicaid
- Must demonstrate meaningful use by 10/1/2010

Q: Who qualifies for the additional 10% rural health incentive for office-based physicians?

A: An “Eligible Professional” who predominantly furnishes services in a geographic area that is designated by the HHS Secretary as a health professional shortage area may receive a 10% increase in their annual payment.

Physicians, other clinicians & ARRA funds and penalties

Q: As a physician, how much money can I expect to receive from the incentive program?

A: For physicians, the full payment between 2011 and 2015 will range between \$44K and \$60K—dispersed via five payments. For each year a physician is not in the program, the incentive payments decline by 1% each year. The ultimate calculation of payments to physicians is based on Medicare patient volume.

Q: As a physician, what do I need to do to realize all five Medicare payments?

A: Physicians must achieve meaningful use by 2011 to receive all five payments. If physicians do not meet the meaningful use criteria by 2011, they will receive \$17,000 less. In order for physicians to receive all five payments allocated, they must get the first payment in 2011 — otherwise they will receive \$17,000 less by waiting to achieve “meaningful use.”

Q: If I own multiple practices, can I get reimbursement if only half of them are using EHRs or do all of them have to be utilizing EHRs?

Frequently Asked Questions

A: The incentive is not tied to the medical practice but rather to the individual healthcare provider. So, each physician that demonstrates meaningful use of an EHR will qualify. The ownership of the practice or the percent of physicians using an EHR within the group is irrelevant.

Q: What if I own multiple practices, do I get more than one instance of the incentives?

A: The practice owner does not receive the incentive unless the practice owner is actually delivering care.

Q: Do hospital-based physicians qualify?

A: ARRA specifically states that hospital-based physicians do **not** qualify for the Medicare or Medicaid EHR incentives.

Q: Do physician assistants, nurse practitioners, etc. qualify for the incentive?

A: Certified nurse mid-wives, nurse practitioners and physician assistants will not qualify under the Medicare provisions. These providers can receive Medicaid incentives provided that at least 30% of their patients receive medical assistance.

Hospitals & ARRA

Q: How much money can hospitals expect to get from the incentive funds?

A: Subject to certain limitations, each qualified hospital can receive an incentive payment calculated as the sum of a base amount (\$2 million), plus a discharge-related payment, the amount of which is then multiplied by its Medicare share. This amount is then multiplied by a "transition factor" resulting in reduced payments over a four-year transition period. A qualified hospital will receive \$200 for each discharge paid under the inpatient prospective payment system (IPPS) starting with discharge number 1,150 through discharge number 23,000. A hospital's Medicare share is calculated according to a specified formula based on inpatient bed days attributable to individuals for whom a Part A payment may be made, and the total number of inpatient bed days in the hospital adjusted by a hospital's share of charges attributed to charity care. Critical access hospitals (CAHs) that are meaningful users of EHR are entitled to certain bonus payments.

Q: How can I figure out the specific dollar amounts that my hospital will get from the incentive payments?

A: The American Hospital Association (AHA) ARRA calculator, which helps hospitals calculate IT incentive payments, is available to members at: <http://www.hospitalconnect.com/oam/login.jsp?domain=AHA>.

Frequently Asked Questions

Q: How can a hospital ensure that it receives all four Medicare payments?

A: Hospitals must achieve meaningful use by 2011 or 2012 to get all four payments. Not meeting this deadline could cost hospitals \$4.7 million plus in lost incentive funds. In order for hospitals to get all four payments allocated, they must get the first payment in 2011 or 2012. A delay in achieving “meaningful use” for Hospitals can cost them \$4.7+ million in incentives funds.

Technology Specific Questions

Q: What does ARRA say regarding a health information exchange (HIE)?

A: According to ARRA, the “Eligible Professional” must demonstrate to the satisfaction of the HHS Secretary that during such period the certified EHR technology is connected in a manner that provides, in accordance with law and standards applicable to the exchange of information, for the electronic exchange of health information to improve the quality of health care, such as promoting care coordination. The Eclipsys HIE is referred to as the “**Eclipsys HealthXchange.**”

ARRA & Eclipsys

Q: Will Eclipsys offer a discount on implementation services to help prospects and clients adopt in time?

A: Eclipsys provides a “Speed to Value” implementation methodology specifically designed to optimize value with an efficient timeline; limiting the resource requirements of our clients. The design approach is Clinician Adoption enabled with workflow, strategy and design. This approach is based on 100 + clinical systems live at health system across the globe. And, the methodology has been refined for Eclipsys clients upgrading to the latest release of clinical software. The 12 month implementation timeline includes 60% prebuilt foundation with a client flexible approach for the other 40% with recommended workflows, advanced clinical content, CPOE with order sets and clinician documentation with embedded outcomes and analytics ready.